

## Idaho's Endowment Trusts

When Idaho became a state in 1890, the Admission's Act granted the new state about 3 million acres of federal lands for public school support (sections 16 and 36 of every township) and another 650 thousand acres for support of eight other endowment beneficiaries. The State Constitution placed the management of these lands into the hands of the five-member State Board of Land Commissioners composed of the Governor, Secretary of State, Attorney General, State Controller, and Superintendent of Public Instruction. The Constitution gave the State Treasurer the responsibility for management of the financial assets generated by the endowment lands.

In 1905, the Legislature created the Department of Lands to support the Land Board. Over the years the board sold and exchanged properties so that about 2.1 million acres of public school endowment lands remain and about 350,000 acres of the other eight beneficiaries land remain. In addition to land sales and mineral revenue, the Land Board chose to deposit timber sale revenue into the permanent endowment. It chose to place lease revenues into the income funds for annual distribution along with the earnings from the permanent funds.

In 1969 the Legislature voiced its desire to improve the performance of the State Treasurer by creating an Endowment Fund Investment Board (EFIB) with powers to invest the financial trusts.

Institution	Idaho Land Grants	Remaining Acres	Percent of Total	Percent Remain
Public Schools	2,982,683	2,093,850	85.0%	70.2%
Agricultural College	90,000	33,463	1.4%	37.2%
Charitable Institutions	150,000	78,190	3.2%	52.1%
Normal School	100,000	59,732	2.4%	59.7%
Penitentiary	50,000	29,024	1.2%	58.0%
School of Science	100,000	75,397	3.1%	75.4%
Mental Hospital	50,000	31,124	1.3%	62.2%
University of Idaho*	96,080	55,861	2.3%	58.1%
Capitol Endowment	32,000	7,222	0.3%	22.6%
<b>Total</b>	<b>3,650,763</b>	<b>2,463,863</b>	<b>100.0%</b>	<b>67.5%</b>

\* Includes 46,080 acres granted Feb 18, 1881 to University of Idaho

- ◆ Pubic school endowment lands comprise 85% of the total endowment lands.
- ◆ Nearly 70% of original or exchanged endowment lands remain.

Source: Idaho Department of Lands

## Endowment Distributions

The 1998 Legislature approved four pieces of legislation, the final piece effective July 1, 2000, that became the latest "Endowment Reform". Changes to the state constitution allowed the EFIB to invest in the stock market, authorized a land bank, and allowed for payment of administrative costs from earnings. Statutory changes put control of the EFIB under the Land Board, established an earnings reserve fund as the mechanism to distribute earnings, put timber sale revenues into the earnings reserve, and gave the Land Board the power to determine the amount of distributions to the beneficiaries. Separate reform legislation for the Capitol Endowment did not include an earnings reserve fund.

The long-term goal of Endowment Reform is to increase the returns to the beneficiaries. Fiscal year 2001 was the first full-year after reform. Although the distributions rose to an all-time high of \$69.6 million in FY 2002, a combination of market losses and a change by the Land Board in the spending rule resulted in significant reductions to the beneficiaries in FY 2003 and FY 2004. Further reductions are budgeted for FY 2005.

### Detailed Endowment Distributions to the Beneficiaries

Institution	2001	2002	2003	2004	Approp. FY 2005
Public Schools	\$44.7	\$47.7	\$37.1	\$37.8	\$23.0
Agricultural College (U of I)	1.1	1.3	1.1	1.0	.8
Charitable Institutions					
4/15 Idaho State University	1.2	1.2	1.1	.9	.8
4/15 St. Juvenile Corr Ctr.	1.2	1.2	1.1	.9	.8
4/15 State Hospital North	1.2	1.2	1.1	.9	.8
5/30 Veterans Home	.8	.8	.7	.6	.5
1/30 School for Deaf /Blind	.2	.2	.1	.1	.1
Normal School					
1/2 ISU College of Ed	1.9	2.0	1.8	1.6	1.4
1/2 Lewis-Clark State Col.	1.9	2.0	1.8	1.6	1.4
Penitentiary	1.5	1.6	1.4	1.2	1.1
School of Science (U of I)	4.5	4.7	4.3	3.8	3.1
Mental Hospital (St. Hosp. S.)	1.8	2.0	1.9	1.7	1.5
University of Idaho	3.5	3.6	3.5	3.1	2.6
<b>Total</b>	<b>\$65.5</b>	<b>\$69.6</b>	<b>\$57.0</b>	<b>\$55.1</b>	<b>\$37.7</b>

- ◆ The endowment fund investment board was unable to make the fiscal year 2003 appropriation for public schools of \$43,313,000. The actual distribution of \$37,056,500 was \$6,256,500 short.
- ◆ The board did make the FY 2004 distributions as appropriated by the legislature.